

ORIGINAL

OPEN MEETING



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MEMORANDUM

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL

TO: THE COMMISSION

FROM: Utilities Division

2014 OCT 24 AM 9 31

DATE: October 24, 2014

RE: ARIZONA PUBLIC SERVICE CORPORATION – APPLICATION FOR APPROVAL OF ITS 2014 RENEWABLE ENERGY STANDARD IMPLEMENTATION PLAN FOR RESET OF RENEWABLE ENERGY ADJUSTOR -- APPROVAL OF ITS VOLUNTARY SOLAR CONTRIBUTION PROGRAM'S PLAN OF ADMINISTRATION (DOCKET NO. E-01345A-13-0140)

IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR APPROVAL OF ITS 2015 RENEWABLE ENERGY STANDARD IMPLEMENTATION FOR RESET OF RENEWABLE ENERGY ADJUSTOR (DOCKET NO. E-01345A-14-0250)

On October 15, 2014, Arizona Public Service Corporation ("APS" or "the Company") filed its proposed Voluntary Solar Contribution Program ("VSC Program") Plan of Administration ("POA"). The VSC Program POA was filed in compliance with Decision No. 74237 (January 7, 2014).

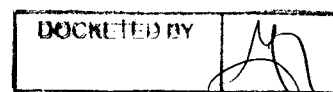
Arizona Corporation Commission
DOCKETED

OCT 24 2014

Background

Decision No. 74237.

Decision No. 74237 as follows:



"IT IS FURTHER ORDERED that Arizona Public Service Company shall file by February 7, 2014, a proposed plan or plans of administration for a voluntary contributions program consistent with the requirements set forth herein in the Commission's findings."

Plan of Administration Filing. The Company filed its initial proposed VSC Program POA on February 7, 2014, and a revised POA on September 5, 2014. After Staff review, and additional changes, the final draft of the VSC POA was filed on October 15, 2014.

Summary of Voluntary Solar Contribution Program Plan of Administration

General Description. The proposed POA includes a General Description for the VSC Program, stating that it would provide individuals and entities with an opportunity to support Arizona solar resources by voluntarily contributing funds to the Arizona Community Foundation (“ACF”), a tax-exempt third-party independent organization. The funds would be used to install photovoltaic solar panel systems on newly built residential single-family homes constructed by the Arizona chapter of Habitat for Humanity International (“Habitat”). The POA also indicates that

VSC Program funds would be separate from those collected through the Commission’s mandatory Renewable Energy Standard adjustor.

Eligibility and Contributions. With respect to eligibility and contributions the proposed POA provides the following:

- Eligibility to contribute would not be limited to APS customers;
- Contributions would be made to the Arizona Community Foundation (“ACF”), either through its website or by check;
- Contributions would be held by ACF in a tax-exempt, irrevocable fund ¹
- Management and administration of the account, including investment, tax reporting, and auditing, will be the responsibility of ACF.
- ACF will provide regular reports to APS.
- APS will assume any administrative fees for the VSC Program fund.
- ACF is a tax-exempt 501(c)(3) public charity, and any contributions to the VSC Program fund are tax deductible, subject to Internal Revenue Service limitations. (Contributors should consult a professional tax advisor.)

Distribution of Funds. With respect to the distribution of VSC Program funds, the POA proposes that ACF provide funding to Habitat under the following conditions:

- Any home receiving a solar rooftop system under the VSC Program must be located within the Company’s service territory, but will be selected by Habitat without input from either ACF or APS. The selected homeowners must also meet Habitat’s requirements regarding home ownership and “sweat equity.”

¹ ACF invests the funding it holds in a variety of investment vehicles, including equity funds and fixed income funds.

- Funds must be sufficient to purchase and/or install a system under warranty and to provide an initial five-year operation and maintenance contract for upkeep of the system.
- ACF would release funds to Habitat under the following conditions: (i) the system must be sized to produce no more than 50% of the expected total connected load of the home, or 3 kW, whichever is smaller; (ii) the roof must be structurally able to support a rooftop system and the system must be oriented south, southwest, or west; and (iii) Habitat must select an Arizona licensed and qualified solar installer to install and maintain the system.

Program Life. The APS POA proposes that the VSC Program become effective as of January 1, 2015. The APS POA also proposes that the Company contribute enough to fund one system through Habitat if, after three years (or following December 31, 2017), it appears that contributions will not reach the level required to fund at least one system. Once that system is installed, the APS POA proposes that the VSC Program fund be closed.

Reporting. The POA proposes to provide VSC Program fund status reports to Commission Staff every six months. A stand-alone report would be provided on October 1, with another report provided on April 1, as part of the annual REST Compliance Report. Reports would include information regarding program promotion, the total funds held, any interest accrued and any expenses.

Recommendations

- Staff recommends that the POA for the VSC Program be modified to reflect that the VSC Program will become effective as of January 1, 2015, and be continued until further action of the Commission.
- Staff recommends that the POA for the VSC Program be modified to reflect that the VSC Program will not terminate after three years, if it appears contributions will not reach the level necessary to fund at least one solar rooftop system, but that the Company will be allowed to file an application requesting to close the program after December 31, 2016.
- Staff recommends, with respect to reporting, that a stand-alone report be filed in Docket Control by October 1, with another report to be provided by April 1, as part of the annual REST Compliance Report, beginning October 1, 2015.
- Staff recommends that the Plan of Administration for the Voluntary Solar Contribution Program be modified to reflect a requirement to report on the following: program promotion, the number of customers and others making contributions during the reporting period, the number of system installations

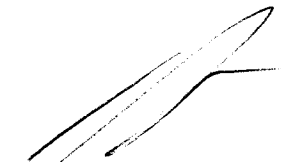
THE COMMISSION

October 24, 2014

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(total and during the reporting period), funds collected during the reporting period, the total funds held; any interest or earnings accrued; and any expenses. The reports should be filed while the VSC Program is in effect.

- Staff recommends that Arizona Public Service Company file in Docket Control, within 15 days, a Plan of Administration for its Voluntary Solar Contribution that has been revised to comply with this Decision.



Steven M. Olea
Director
Utilities Division

SMO:JMK:sms\MAS

ORIGINATOR: Julie McNeely-Kirwan

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 BOB STUMP

Chairman

3 GARY PIERCE

Commissioner

4 BRENDA BURNS

Commissioner

5 BOB BURNS

Commissioner

6 SUSAN BITTER SMITH

Commissioner

7
8 IN THE MATTER OF ARIZONA PUBLIC
SERVICE COMPANY'S APPLICATION
9 FOR APPROVAL OF ITS 2014
RENEWABLE ENERGY STANDARD
10 IMPLEMENTATION PLAN FOR RESET
11 OF RENEWABLE ENERGY ADJUSTOR
12 APPROVAL OF ITS VOLUNTARY SOLAR
CONTRIBUTION PROGRAM'S PLAN OF
ADMINISTRATION

DOCKET NO. E-01345A-13-0140

13
14 IN THE MATTER OF THE APPLICATION)
OF ARIZONA PUBLIC SERVICE COMPANY)
15 FOR APPROVAL OF ITS 2015 RENEWABLE)
ENERGY STANDARD IMPLEMENTATION)
16 FOR RESET OF RENEWABLE ENERGY)
ADJUSTER.

DOCKET NO. E-01345A-14-0250

DECISION NO. _____

ORDER

17
18 Open Meeting
November 5 and 6, 2014
19 Phoenix, Arizona

20 BY THE COMMISSION:

21 FINDINGS OF FACT

22 1. Arizona Public Service Company ("APS" or "the Company") is certificated to provide
23 electric service as a public service corporation in the State of Arizona.

24 2. On October 15, 2014, APS filed its proposed Voluntary Solar Contribution Program
25 ("VSC Program") Plan of Administration ("POA"). The VSC Program POA was filed in compliance
26 with Decision No. 74237 (January 7, 2014).

27 ...

28 ...

1 **Background**

2 3. Decision No. 74237.

3 Decision No. 74237 orders as follows:

4 “IT IS FURTHER ORDERED that Arizona Public Service Company shall
5 file by February 7, 2014, a proposed plan or plans of administration for a
6 voluntary contributions program consistent with the requirements set forth
herein in the Commission’s findings.”

7 4. Plan of Administration Filing. The Company filed its initial proposed VSC Program
8 POA on February 7, 2014, and a revised POA on September 5, 2014. After Staff review, and
9 additional changes, the final draft of the VSC POA was filed on October 15, 2014.

10 **Summary of Voluntary Solar Contribution Program Plan of Administration**

11 5. General Description. The proposed POA includes a General Description for the VSC
12 Program, stating that it would provide individuals and entities with an opportunity to support Arizona
13 solar resources by voluntarily contributing funds to the Arizona Community Foundation (“ACF”), a
14 tax-exempt third-party independent organization. The funds would be used to install photovoltaic
15 solar panel systems on newly built residential single-family homes constructed by the Arizona chapter
16 of Habitat for Humanity International (“Habitat”). The POA also indicates that VSC Program funds
17 would be separate from those collected through the Commission’s mandatory Renewable Energy
18 Standard adjustor.

19 6. Eligibility and Contributions. With respect to eligibility and contributions the
20 proposed POA provides the following:

- 21 • Eligibility to contribute would not be limited to APS customers;
- 22 • Contributions would be made to the Arizona Community Foundation, either
23 through its website or by check;
- 24 • Contributions would be held by ACF in a tax-exempt, irrevocable fund ¹
- 25 • Management and administration of the account, including investment, tax
26 reporting, and auditing, will be the responsibility of ACF.

27
28

¹ ACF invests the funding it holds in a variety of investment vehicles, including equity funds and fixed income funds.

- 1 • ACF will provide regular reports to APS.
- 2 • APS will assume any administrative fees for the VSC Program fund.
- 3 • ACF is a tax-exempt 501(c)(3) public charity, and any contributions to the VSC
- 4 Program fund are tax deductible, subject to Internal Revenue Service limitations.
- 5 (Contributors should consult a professional tax advisor.)

6 7. Distribution of Funds. With respect to the distribution of VSC Program funds, the
7 POA proposes that ACF provide funding to Habitat under the following conditions:

- 8 • Any home receiving a solar rooftop system under the VSC Program must be
- 9 located within the Company's service territory, but will be selected by Habitat
- 10 without input from either ACF or APS. The selected homeowners must also meet
- 11 Habitat's requirements regarding home ownership and "sweat equity."
- 12 • Funds must be sufficient to purchase and/or install a system under warranty and
- 13 to provide an initial five-year operation and maintenance contract for upkeep of
- 14 the system.
- 15 • ACF would release funds to Habitat under the following conditions: (i) the system
- 16 must be sized to produce no more than 50% of the expected total connected load
- 17 of the home, or 3 kW, whichever is smaller; (ii) the roof must be structurally able
- 18 to support a rooftop system and the system must be oriented south, southwest, or
- 19 west; and (iii) Habitat must select an Arizona licensed and qualified solar installer
- 20 to install and maintain the system.

21 8. Program Life. The APS POA proposes that the VSC Program become effective as of
22 January 1, 2015. The APS POA also proposes that the Company contribute enough to fund one
23 system through Habitat if, after three years (or following December 31, 2017), it appears that
24 contributions will not reach the level required to fund at least one system. Once that system is
25 installed, the APS POA proposes that the VSC Program fund be closed.

26 9. Reporting. The POA proposes to provide VSC Program fund status reports to
27 Commission Staff every six months. A stand-alone report would be provided on October 1, with
28 another report provided on April 1, as part of the annual REST Compliance Report. Reports would

1 include information regarding program promotion, the total funds held, any interest accrued and any
2 expenses.

3 10. Recommendations.

- 4 • Staff has recommended that the POA for the VSC Program be modified to reflect
5 that the VSC Program will become effective as of January 1, 2015, and be
6 continued until further action of the Commission.
- 7 • Staff has recommended that the POA for the VSC Program be modified to reflect
8 that the VSC Program will not terminate after three years, if it appears
9 contributions will not reach the level necessary to fund at least one solar rooftop
10 system, but that the Company will be allowed to file an application requesting to
11 close the program after December 31, 2016.
- 12 • Staff has recommended, with respect to reporting, that a stand-alone report be
13 filed in Docket Control by October 1, with another report to be provided by April
14 1, as part of the annual REST Compliance Report, beginning October 1, 2015.
- 15 • Staff has recommended that the Plan of Administration for the Voluntary Solar
16 Contribution Program be modified to reflect a requirement to report on the
17 following: program promotion, the number of customers and others making
18 contributions during the reporting period, the number of system installations (total
19 and during the reporting period), funds collected during the reporting period, the
20 total funds held; any interest or earnings accrued; and any expenses. The reports
21 should be filed while the VSC Program is in effect.
- 22 • Staff has recommended that that Arizona Public Service Company file in Docket
23 Control, within 15 days, a Plan of Administration for its Voluntary Solar
24 Contribution Program that has been revised to comply with this Decision.

25 CONCLUSIONS OF LAW

26 1. Arizona Public Service Company is an Arizona public service corporation within the
27 meaning of Article XV, Section 2, of the Arizona Constitution.

28 ...

1 2. The Commission has jurisdiction over Arizona Public Service Company and the
2 subject matter of this application.

3 3. The Commission having reviewed the application and Staff's memorandum dated
4 October 24, 2014, concludes that it is in the public interest to approve Arizona Public Service
5 Company's Plan of Administration for its Voluntary Solar Contribution Program, as modified herein.

6 ORDER

7 IT IS THEREFORE ORDERED that the Plan of Administration proposed by Arizona
8 Public Service Company for its Voluntary Solar Contribution Program is approved, with the
9 modifications discussed herein.

10 IT IS FURTHER ORDERED that the Plan of Administration for Arizona Public Service
11 Company's Voluntary Solar Contribution Program be modified to reflect that the Program will
12 become effective January 1, 2015, and be continued until further order of the Commission.

13 IT IS FURTHER ORDERED that the Plan of Administration for Arizona Public Service
14 Company's Voluntary Solar Contribution Program be modified to reflect that the Program will not
15 terminate after three years if it appears contributions will not reach the level necessary to fund at least
16 one solar rooftop system, but that the Company may file an application requesting to close the
17 Program after December 31, 2016.

18 IT IS FURTHER ORDERED that Arizona Public Service Company shall file a stand-alone
19 report in Docket Control by October 1, with another report provided by April 1, as part of the annual
20 REST Compliance Report, beginning October 1, 2015.

21 IT IS FURTHER ORDERED that the Plan of Administration for the Voluntary Solar
22 Contribution Program be modified to reflect a requirement to report on the following: program
23 promotion, the number of customers and others making contributions during the reporting period,
24 the number of system installations (total and during the reporting period), funds collected during the
25 reporting period, the total funds held; any interest or earnings accrued; and any expenses. The reports
26 shall be filed while the VSC Program is in effect.

27 ...

28 ...

IT IS FUTHUR ORDERED that Arizona Public Service Company shall file in Docket Control, within 15 days of the effective date of this decision, a Plan of Administration for its Voluntary Solar Contribution Program that has been revised to comply with this Decision.

IT IS FURTHER ORDERED that this Order become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2014.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:JMK:sms\MAS

1 SERVICE LIST FOR: Arizona Public Service Company
2 DOCKET NO. E-01345A-13-0140

3 Greg Bernosky
4 Lisa Malagon
5 Arizona Public Service Company
6 Mail Station 9712
7 P.O. Box 53999
8 Phoenix, Arizona 85072

9 Thomas A. Loquvam
10 Melissa M. Kreuger
11 Pinnacle West Capital Corporation
12 400 N. 5th Street, MS 8695
13 Phoenix, Arizona 85004

14 Mr. Steven M. Olea
15 Director, Utilities Division
16 Arizona Corporation Commission
17 1200 West Washington Street
18 Phoenix, Arizona 85007

19 Ms. Janice M. Alward
20 Chief Counsel, Legal Division
21 Arizona Corporation Commission
22 1200 West Washington Street
23 Phoenix, Arizona 85007

24 C. Webb Crockett
25 Fennemore Craig
26 3003 N. Central Avenue
27 Suite 2600
28 Phoenix, AZ 85012-2319

Garry Hays
AZ Solar Deployment Alliance
Law Office of Garry D. Hays
1702 East Highland Avenue
Suite 204
Phoenix, Arizona 85016

Daniel Pozefsky
RUCO
1110 West Washington
Phoenix, Arizona 85007

1 Bradley Carroll
2 Tucson Electric Power Company
3 88 East Broadway Blvd.
4 Mail Stop HQE910
5 Tucson, Arizona 85701

6 Mark Holohan
7 Chairman
8 AriSEA
9 2221 West Lone Cactus Drive
10 Suite 2
11 Phoenix, Arizona 85027

12 Michael Patten
13 Roshka DeWulf & Patten, PLC
14 One Arizona Center
15 400 East Van Buren Street
16 Suite 800
17 Phoenix, Arizona 85004

18 Court Rich
19 Rose Law Group, P.C.
20 7144 East Stetson Drive
21 Suite 300
22 Scottsdale, Arizona 85251

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